

**Public Gas Company  
220 Lexington Green, Bldg 2, Suite 130  
P.O. Box 24032  
Lexington, KY 40524-4032  
Tele (859) 245-8193**

June 29, 2006

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
JUN 30 2006  
PUBLIC SERVICE  
COMMISSION

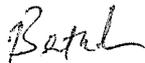
RE: Public Gas Company  
Case No. *2006-00329*  
GCR Filing Proposed to Become  
Effective August 1, 2006

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective August 1, 2006. Also included are an original and five copies of 38th revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$7.2735 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Case No. 2006-00379

Quarterly Report of Gas Cost  
Recovery Rate Calculation

**RECEIVED**

JUN 30 2006

PUBLIC SERVICE  
COMMISSION

Date Filed: June 29, 2006

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Date Rates to be Effective: August 1, 2006

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Reporting Period is Calendar Quarter Ended: October 31, 2006

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	8.3094
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(1.0359)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		<u>7.2735</u>

GCR to be effective for service rendered from August 1, 2006 to October 31, 2006

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	
÷	Sales for the 12 months ended _____	Mcf	
=	Expected Gas Cost (EGC)	\$/Mcf	

B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch.III)		
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=	Refund Adjustment (RA)	\$/Mcf	

C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.2059)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.8808)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0977
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0469)
=	Actual Adjustment (AA)	\$/Mcf	<u>(1.0359)</u>

D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)		

SCHEDULE II  
EXPECTED GAS COST

Actual \* MCF Purchases for 12 months ended January 31, 2006

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchase			Mcfs	Rate	Sales Mcf
02/28/05			20,377	8.3094	19,751
03/31/05			21,172	8.3094	20,576
04/30/05			6,713	8.3094	6,611
05/31/05			5,475	8.3094	5,295
06/30/05			2,524	8.3094	2,453
07/31/05			1,783	8.3094	1,761
08/31/05			1,767	8.3094	1,717
09/30/05			1,898	8.3094	1,870
10/31/05			4,503	8.3094	4,409
11/30/05			12,133	8.3094	11,860
12/31/05			22,334	8.3094	21,848
01/31/06			16,644	8.3094	16,360

	<u>117,323</u>		<u>114,511</u>
Line loss for 12 months ended <u>January 31, 2006</u> is		<u>2.4%</u>	based on purchases of
<u>117,323</u>	Mcf and sales of	<u>114,511</u>	Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	
= Total Expected Gas Cost (to Schedule IA)	\$	

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

**\$8.3094 Per Attached Schedule**

SCHEDULE III  
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
<hr/>		<hr/>
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
<hr/>		<hr/>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

Jefferson Gas, LLC

06/29/06

Expected gas price, August, September, and October 2006

Public Gas has asked for an estimate of their gas price for the months of August and September, and October 2006.

	Gas price* to Public Gas
August	7.88
September	8.07
October	8.38

\*Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in the past. Therefore, gas may be more or less than indicated above, depending on the actual NYMEX price for the periods indicated above. The above estimated gas prices were derived from the NYMEX futures prices issued by the NYMEX web site on June 26, 2006.

7.8800 +  
8.0700 +  
8.3800 +  
24.3300 \*

24.3300 ÷  
3.0000 =  
8.1100 +

8.1100 \*

8.1100 ÷  
0.9760 =  
8.3094 +

8.3094 \*

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended January 31, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 ( Feb 06)</u>	<u>Month 2 (Mar 06)</u>	<u>Month 3 (Apr 06)</u>
Total Supply Volumes Purchased	Mcf	20,727	13,442	5,127
Total Cost of Volumes Purchased	\$	207,270.00	143,829.40	48,757.77
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	20,297	13,179	4,985
= Unit Cost of Gas	\$/Mcf	10.2119	10.9135	9.7809
- EGC in effect for month	\$/Mcf	12.4931	9.3519	9.3519
= Difference [(over-)/Under-Recovery]	\$/Mcf	(2.2812)	1.5616	.4290
x Actual sales during month	Mcf	20,297	13,179	4,985
= Monthly cost difference	\$	(46,301.52)	20,580.33	2,138.57
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(23,582.62)
÷ Sales for 12 months ended <u>January 31, 2006</u>			Mcf	114,511
<u>Actual Adjustment for the Reporting Period (to Schedule IC.)</u>			\$/Mcf	(.2059)

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended \_\_\_\_\_ (reporting period)

	<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1)	Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR <b>Less:</b> Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. <b>Equals:</b> Balance Adjustment for the AA.	\$  \$  \$	    _____
(2)	Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. <b>Less:</b> Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. <b>Equals:</b> Balance Adjustment for the RA	  \$  \$	    _____
(3)	Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR <b>Less:</b> Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. <b>Equals:</b> Balance Adjustment for the BA.	\$  \$  \$	    _____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____

FOR Entire Service Area  
Community, Town or City  
1  
P.S.C. KY. NO. \_\_\_\_\_  
38th Revised 1  
SHEET NO.  
1  
CANCELLING P.S.C. KY. NO. \_\_\_\_\_  
37th Revised 1  
SHEET NO.

Public Gas Company  
\_\_\_\_\_  
(Name of Utility)

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RATES AND CHARGES

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Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	7.2735	10.5440
All Over	1 Mcf		2.1505	7.2735	9.4240

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DATE OF ISSUE June 29, 2006  
Month / Date / Year  
DATE EFFECTIVE August 1, 2006  
Month / Date / Year  
ISSUED BY Bert R. Layne  
(Signature of Officer)  
TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

Public Gas Company  
P O Box 24032  
Lexington, KY 40524-4032



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RECEIVED  
JUN 3 1 2006  
PUBLIC SERVICE  
COMMISSION

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Public Service Commission  
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